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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEHMO/AMEMBASSY MOSCOW PRIORITY 2537
RUEHKW/AMCONSUL KRAKOW PRIORITY 1340
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E.O. 12958: DECL: 10/12/2016
TAGS: [ENRG](#) [EPET](#) [PREL](#) [LH](#) [RS](#) [PO](#)
SUBJECT: POLAND WAITING FOR ANSWERS ON MAZEIKIU FIRE

REF: VILNIUS 944 AND PREVIOUS

Classified By: ACTING DCM RICHARD RORVIG, REASONS 1.4 B AND D

¶1. (C) Cezary Filipowicz, PKN Orlen (PKNO) Deputy President told Deputy Econ Counselor that while he can't say with 100 percent certainty that the PKNO purchase of Mazeikiu Nafta oil refinery (MN) will proceed following the October 12 fire, it is PKNO's intention to complete the purchase. A team of PKNO officials is on its way to Lithuania to participate as observers in the investigative commission formed to study the impact of the fire on the plant. A final decision on the purchase will be made by PKNO after the investigation is completed. Filipowicz did not comment on whether the event was an accident, preferring to wait for the investigation to conclude.

¶2. (C) Filipowicz explained that PKNO's major concern is the destroyed vacuum column. There are three scenarios for its replacement. The most optimistic is that a spare column that has not been used at MN in the last eight years but is in good shape could be used, which would put the column into operation in three to four weeks. The next alternative is to purchase a spare unit in Russia, which Filipowicz said would take three to four months to buy and install but could be problematic given PKNO's troubled relations with Russia. Least attractive is ordering and building a new column, a process that could take until next June.

¶3. (C) By contrast, Krzysztof Rogala of the Office of Diversification of the Ministry of Economy was adamant in his opinion that the MN fire was not an accident. As proof, he commented that the Deputy Chair of the Russian Duma's International Affairs Committee Kuznetsov had a meeting scheduled with Polish Minister of Economy Wozniak on October 13 which was cancelled abruptly on October 11, the day before the fire. He said Kuznetsov's comments to the Lithuanian press that Lithuania made a mistake selling the refinery to PKNO support this theory. In addition, MN's President Nelson English was in Venezuela to sign a new oil supply contract on October 13 and had to fly back to deal with the fire rather than sign the deal. Finally, Rogala contended that Polish experts believe the column collapsed too quickly to be an accident.

¶4. (C) Rogala was less optimistic that PKNO would finalize the deal for the plant. He noted that the investigation

would need to determine whether or not the fire was an accident, and that the insurance company would not be likely to make a payment to MN if the event was not an accident. Difficulties on compensation could delay or derail the transaction. (Note: The Ministry of Economy has a knee-jerk anti-Russian reaction that is exemplified by Rogala's analysis. End Note.)

15. (C) Comment: The Polish press carried articles on the Mazeikiu refinery fire in their business sections, highlighting Russian opposition to PKN Orlen's purchase and questioning whether the fire was truly an accident. PKN Orlen and GOP officials have been more measured in their comments. Filipowicz's assessment that the investigation should proceed and that PKN Orlen intends to go ahead with the transaction is likely to prevail barring unforeseen results from the investigation. We will continue to follow Polish reaction to the fire, but still believe that PKN Orlen will complete the purchase which is an important strategic goal for the company.
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